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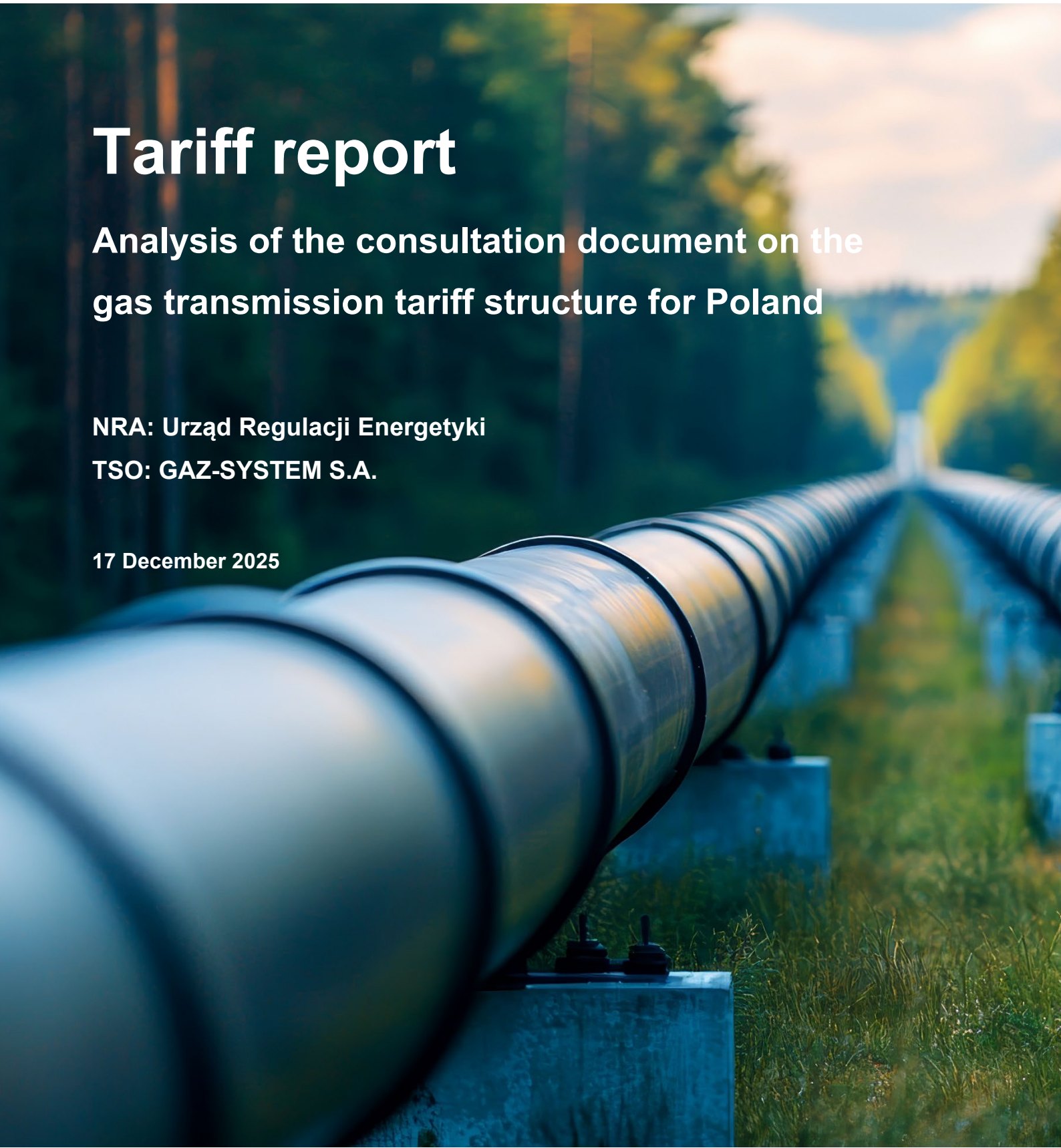

Tariff report

Analysis of the consultation document on the gas transmission tariff structure for Poland

NRA: Urząd Regulacji Energetyki

TSO: GAZ-SYSTEM S.A.

17 December 2025

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1. ACER conclusion

1 The Polish natural gas transmission system operator ('TSO') GAZ-SYSTEM S.A. ('GAZ-SYSTEM) has carried out a consultation on the reference price methodology ('RPM') for the Polish transmission network. This is GAZ-SYSTEM's fourth consultation since Commission Regulation (EU) 2017/460 ('NC TAR') came into force.

2 The changes of the proposed RPM are mainly driven by the planned merger of the two Polish transmission systems, both operated by GAZ-SYSTEM, into one common entry-exit zone. The Transit Gas Pipeline system ('SGT'), which formerly operated as the Polish segment of the Yamal pipeline, forming a separate entry-exit zone with a separate tariff regime, is planned to be merged into the main Polish entry-exit zone from 2027: this will trigger a move to a single tariff methodology and the elimination of the interconnection point between the two systems.

3 The proposed RPM is a postage stamp methodology, which is complemented by a separately consulted inter-TSO compensation mechanism. The proposed postage stamp methodology is used to calculate tariffs for all system points.

4 The proposed RPM shall apply from 1 January 2027. Indicative tariffs are calculated for the calendar years 2027-2031.

5 The entry-exit split is determined ex ante: its value is 50%-50%.

6 For storage facilities connected to the system, GAZ-SYSTEM proposes the application of a discount of 80%. For LNG entry points (including the proposed FSRU terminal to be completed by 2028), GAZ-SYSTEM assumes the decrease of the discount from 70% to 40%.

7 GAZ-SYSTEM intends to apply the discounts for renewable and low-carbon gases foreseen by Regulation (EU) 2024/1789 at production entry points and storage facilities. With regard to the discount for renewable and low-carbon gases to be applied at interconnection points URE has granted a derogation until 31 December 2026. In case of a full implementation of the Union Data Base, GAZ-SYSTEM does not intend to request the extension of the derogation.

8 No secondary adjustments (rescaling, benchmarking, equalisation) are proposed. The revenue underrecovery due to the use of LNG and storage discounts is compensated by proportionally decreasing the level of capacities at LNG and storage points considered during the calculation of tariffs.

9 GAZ-SYSTEM proposes no commodity-based transmission tariffs.

10 GAZ-SYSTEM proposes two kinds of non-transmission tariffs: for the gaseous fuel pressure reduction service, a capacity-based fee is proposed at exit points where pressure reduction is required; and for the gaseous fuel compression service a partially flow-based fee is proposed, which is to be paid by gas producers injecting gas in need of compression into the transmission system.

11 In line with the provisions of the NC TAR, GAZ-SYSTEM carried out a cost allocation assessment ('CAA') and calculated the tariffs in accordance with the capacity-weighted distance ('CWD') methodology. The assessment resulted in the CAA index reaching a value of 11.12% for 2027, slightly above the 10% threshold foreseen by the NC TAR, and values below the threshold for the years 2028-2031. The tariffs calculated using the CWD methodology are higher at the Faxe and Santaka entry points and at all exit points, while lower at the rest of the interconnection entries.

12 The Agency appreciates the willingness of both GAZ-SYSTEM and Urząd Regulacji Energetyki (URE) to discuss the RPM and its provisions and to offer additional information in a timely manner.

13 The Agency welcomes that GAZ-SYSTEM took into consideration the Agency's recommendations published in the Agency's 2024 Tariff Report on Poland[1].

14 The Agency, after having completed the analysis of the consultation document pursuant to Article 27(2) of the NC TAR concludes that:

- The information referred to in Article 26(1) of the NC TAR has mostly been published. The Agency provides commentary on the possible improvements in section 3.1 of this report.
- The RPM is compliant with the requirements on cost-reflectivity, the prevention of undue cross-subsidisation, non-discrimination, volume-risk, and non-distortion to cross-border trade listed under Article 7 of the NC TAR.
- The criteria for setting the commodity charge are not applicable.
- The proposed non-transmission services meet the criteria set out in NC TAR.

15 The Agency provides the following recommendations to URE, the Polish NRA, when publishing its motivated decision pursuant to Article 27(4) of the NC TAR, which is the next step in this process:

- First, the Agency recommends to GAZ-SYSTEM and URE to carry out, before the final decision on the RPM, sensitivity analyses examining the effects of the application of lower discounts for storages and LNG facilities on the level of the CAA index, and in case the sensitivity analyses suggest such strong benefits from lower discounts that would outweigh any possible trade-offs with regard to security of supply, consider the application of lower discounts.
- Second, to assess, in the context of the merger of the two entry-exit zones and in the context of the decarbonisation agenda and the changing role of gas networks, the possibility of either separating the low-methane sub-system as a separate transmission or distribution network or integrating it with a high-methane system in a more meaningful way, provided the benefits of such a change would outweigh its costs.
- Third, to consider the application of rescaling in line with Article 6(4)(c) of the NC TAR to compensate for the under-recovery of revenue due to the application of renewable and low-carbon discounts if such under-recovery rises to a level that would warrant intervention.
- Fourth, to carry out and publish the Cost Allocation Assessment based on the CWD methodology.

16 The Agency, however, stresses that none of the first three recommendations requires an urgent intervention, and considers these issues rather as areas to monitor, analyse, and possibly improve, than as problems to fix.

[1] 2024_analysis_report_Poland.pdf

2. Introduction

17 Commission Regulation (EU) 2017/460 of 16 March 2017 establishes a network code on harmonised transmission tariff structures for gas ('NC TAR').

18 Article 27 of the NC TAR requires the Agency to analyse the consultation documents on the reference price methodologies for all entry-exit systems[2]. This report presents the analysis of the Agency for the transmission system of Poland.

19 On 1 September 2025, the TSO GAZ-SYSTEM S.A. ('GAZ-SYSTEM) launched the consultation and forwarded it to the Agency. The consultation remained open until 1 November 2025. On 1 December 2025, the six consultation responses and their English summary were published. The Agency has taken these into consideration for this analysis. Within five months following the end of the final consultation, and pursuant to Article 27(4) of the NC TAR, URE, the Polish NRA, shall take and publish a motivated decision on all the items set out in Article 26(1).

Reading guide

20 Chapter 3 of this document presents an analysis on the completeness, namely if all the information in Article 26(1) has been published. Chapter 4 assesses the proposed reference price methodology ('RPM') for Poland. Chapter 5 focuses on the compliance, namely if the RPM complies with the requirements set out in Article 7 of the code, if the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met, and if the criteria for setting non-transmission tariffs as set out in Article 4(4) are met. This document contains two annexes, respectively the legal framework and a list of abbreviations.

[2] With the exception of Article 10(2)(b), when different RPMs may be applied by the TSOs within an entry-exit zone.

3. Completeness

3.1. Has all the information referred to in Article 26(1) been published?

21 Article 27(2)(a) of the NC TAR requires the Agency to analyse whether all the information referred to in Article 26(1) of the NC TAR has been published.

22 Article 26(1) of the NC TAR requires that the consultation document should be published in the English language, to the extent possible. In line with this requirement, GAZ-SYSTEM also published the document in English simultaneously with the Polish version.

23 Overall, almost all information in Article 26(1) of the NC TAR has been properly published, as detailed in the following table. The Agency recommends the inclusion of the missing information in the final decision.

Table 1: Checklist information Article 26(1)

Article	Information	Published: Y/N/NA
26(1)(a)	the description of the proposed reference price methodology	Yes
26(1)(a)(i) **26(1)(a)(i)(1)** **26(1)(a)(i)(2)**	the indicative information set out in Article 30(1)(a), including: • the justification of the parameters used that are related to the technical characteristics of the system, • the corresponding information on the respective values of such parameters and the assumptions applied	Yes
26(1)(a)(ii)	the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9	Yes
26(1)(a)(iii)	the indicative reference prices subject to consultation	Yes
26(1)(a)(iv)	the results, the components and the details of these components for the cost allocation assessments set out in Article 5	Yes
26(1)(a)(v)	the assessment of the proposed reference price methodology in accordance with Article 7	Yes, however more detailed justification on cost-reflectivity and volume risk would be warranted
26(1)(a)(vi)	where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii)	Yes
26(1)(b)	the indicative information set out in Article 30(1)(b)(i), (iv), (v)	Yes
26(1)(c)(i) **26(1)(c)(i)(1)** **26(1)(c)(i)(2)** **26(1)(c)(i)(3)**	where commodity-based transmission tariffs referred to in Article 4(3) are proposed • the manner in which they are set • the share of the allowed or target revenue forecasted to be recovered from such tariffs	Not applicable

	• the indicative commodity-based transmission tariffs	
26(1)(c)(ii) **26(1)(c)(ii(1)** **26(1)(c)(ii)(2)** **26(1)(c)(ii)(3)** **26(1)(c)(ii)(4)**	where non-transmission services provided to network users are proposed: • the non-transmission service tariff methodology therefore • the share of the allowed or target revenue forecasted to be recovered from such tariffs • the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3) • the indicative non-transmission tariffs for non-transmission services provided to network users	Yes
26(1)(d)	the indicative information set out in Article 30(2);	Yes
26(1)(e) **26(1)(e)(i)** **26(1)(e)(ii)** **26(1)(e)(iii)** **26(1)(e)(iv)**	where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity: • the proposed index; • the proposed calculation and how the revenue derived from the risk premium is used • at which interconnection point(s) and for which tariff period(s) such approach is proposed • the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed	Not applicable

4. Assessment of the proposed reference price methodology

24 The present chapter assesses the proposed RPM taking into account the input parameters of the methodology and the cost allocation assessment.

4.1. Timeline for the application of tariffs

25 The consultation document proposes the application of the reference price methodology for five years, from 1 January 2027 to 1 December 2031. Non-binding indicative tariffs based on forecasted inputs are calculated for all calendar years between 2027 and 2031.

4.2. Description of the network

26 The Polish natural gas network consists of two transmission systems, the National Transmission System ('NTS') and the Transit Gas Pipeline System ('SGT'). The NTS system provided connection with the neighbouring Member States, the LNG terminal, and Ukraine. The SGT system was used until Russia's 2022 aggression against Ukraine as the Polish segment of the Yamal pipeline, allowing the import of Russian gas into the European Union through Belarus, and serving transit purposes on the territory of Poland.

27 The SGT pipeline is owned by EUROPOL GAZ S.A. and operated by GAZ-SYSTEM, while the NTS is both owned and operated by GAZ-SYSTEM. The conditions of the operatorship agreement are set out in the decision of the president of the Polish NRA, URE. The operatorship agreement remains in force until 2068.[3] GAZ-SYSTEM operates the NTS network under an ownership unbundling certificate, and the SGT network as an independent system operator.

28 At the current moment the two transmission systems are operated as separate entry-exit zones, connected at two physical points, which are clustered at a virtual interconnection point named Point of Interconnection. As per the proposed RPM the two entry-exit zones will be merged into a single Polish entry-exit zone, and the Point of Interconnection will be eliminated from the list of bookable points, as it will no longer be an interconnection point between two systems. The merger of the two entry-exit zones is in line with the Agency's recommendations in paragraphs 11 and 56 of the Agency's 2023 Tariff Report on the SGT infrastructure[4]. The merger of the two entry-exits zones has no effect on the ownership structure or the certification of the two companies: the NTS and SGT systems will remain separate TSOs.

29 The NTS infrastructure consists of two sub-systems: the low-methane natural gas (called 'Lw sub-system'), and the high-methane natural gas (called 'E sub-system'). The low-methane sub-system has 8 entry points and 76 exit points, including domestic production and biomethane production entries, and is not connected to the gas networks of any other Member State or third country. The high-methane sub-system of the NTS network currently has 49 entry points and 809 exit points[5], which include interconnection points to Germany, Czechia, Slovakia, Lithuania, and Ukraine, connection to Denmark through the Baltic Pipe, and to the Świnoujście LNG terminal. Seven underground storage facilities operated by Gas Storage Poland sp. z.o.o. are connected to the transmission system, five of them operating in depleted gas fields, two in salt caverns. The

[3] The President of the Energy Regulatory Office has established the next operatorship agreement for the Yamal gas pipeline - News - Energy Regulatory Office

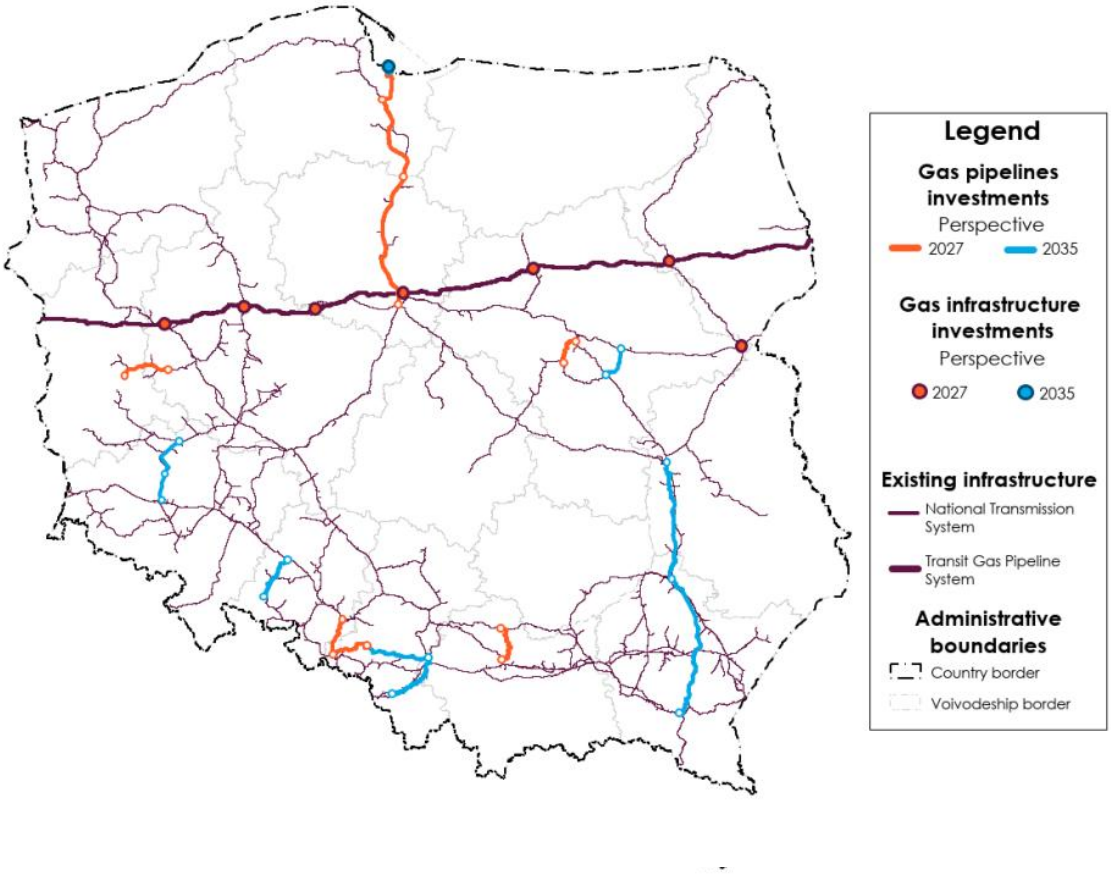
[4] 2023_analysis_report_Poland_TGPS.pdf

[5] This number will decrease after the entry-exit zone merger and the elimination of the interconnection point with SGT.

Polish transmission system consists of a two balancing zones, one for the high-methane and one for the low-methane subsystems.

30 The SGT infrastructure is a 684 km long network with DN14006 diameter between the Mallnow interconnection point with Germany and the Belarusian border. The former unidirectional entry point from the direction of Belarus is not in operation since the phase out of Russian gas supplies. The SGT infrastructure is connected with the NTS system at the Lwówek and Włocławek exit points. In order to facilitate the efficient utilisation of the SGT infrastructure as part of the merged Polish transmission network, several new connection points are planned in the Polish Ten-Year National Development Plan, part B, for 2026-2035[7]. The SGT infrastructure is part of the high-methane natural gas E sub-system.

31 The following figure from the consultation document provides a graphical overview of the merged Polish transmission network and its planned developments:



The following map from GAZ-SYSTEM's website provides a clear overview of the low-methane (blue) and high-methane (red) subsystems of the NTS system:

[6] DN1400: Nominal diameter 1400 mm.

[7] National Development Plans

4.3. The proposed RPM

32 The current section assesses the proposed Polish methodology.

33 Poland applies a revenue cap regime. The two TSOs' allowed revenues for transmission services are recovered solely through capacity tariffs.

34 The proposed RPM is a postage stamp methodology, applying uniform entry tariffs and uniform exit tariffs set separately for the low and high-methane subsystems. The only deviations from these uniform tariffs come as the effect of the application of discounts mandated by EU law.

35 In accordance with Article 10(1) of the NC TAR, the same reference price methodology is applied jointly by both transmission system operators within the Polish entry-exit system. An inter-TSO compensation mechanism is proposed in line with Article 10(5), which was consulted separately[8] by URE simultaneously to the consultation of the reference price methodology.

36 An 80% discount is proposed for the entry and exit tariffs of storage facilities, the same level as currently applied.

37 For the LNG entry points, a discount of 40% is expected starting from 2027, which is a decrease from the 70% discount planned for 2026. The level of the discount was consulted in a separate consultation on multipliers, seasonal factors and discounts in line with Article 28 of the NC TAR[9]. In its 2024 Tariff Report on Poland, the Agency recommended URE to better justify the then

[8] Konsultacje w zakresie Mechanizmu rozliczeń międzyoperatorskich (ITC KSP/SGT 2027-2031) - ITC KSP/SGT 2027-2031 – art. 10(5) NC TAR - Urząd Regulacji Energetyki

[9] Konsultacje w zakresie rabatów, mnożników i współczynników sezonowych do taryfy na przesyłanie paliw gazowych na 2027 r. - Mnożniki, współczynniki sezonowe i rabaty na 2027 r. – art. 28 NC TAR - Urząd Regulacji Energetyki

proposed 100% discount for the LNG terminal entry point and the assessment of the effects of partially or completely removing this discount. The Agency welcomes that URE took into account these recommendations and that URE, based on its analysis, proposes to undertake a gradual decrease of the level of the discount, first to 70% in 2026, followed by a reduction to 40% in 2027.

38 GAZ-SYSTEM proposes the application of the discounts for renewable and low-carbon gases introduced by Article 18(1) of Regulation (EU) 2024/1789 at production entry points and storages. URE has granted a derogation from the application of the discount for renewable and low-carbon gases to be applied at interconnection points based on Article 18(4) of Regulation (EU) 2024/1789 until 31 December 2026. GAZ-SYSTEM states in its consultation document that, in case, the full implementation of the Union Data Base operationally enables the application of the discount, it does not intend to request the extension of the derogation.

39 GAZ-SYSTEM proposes the application of a yearly tariff period coinciding with the calendar year.

4.3.1. Cost drivers

40 GAZ-SYSTEM proposes the use of forecasted contracted capacity as the single cost driver. A separate set of cost drivers is used for the high-methane and the low-methane subsystem. No capacity bookings are forecasted for the existing Point of Interconnection between the NTS and SGT networks, as that point will be removed after the merger of the two entry-exit zones.

41 In paragraphs (10), (37), and (57) of its 2024 Tariff Report the Agency recommended GAZ-SYSTEM to include forecasted capacities in a disaggregated format in the simplified tariff model. The Agency welcomes that the simplified tariff model annexed to the current proposal follows this recommendation and includes the cost drivers separately for each IP.

4.3.2. Entry-exit split

42 GAZ-SYSTEM applies an ex-ante entry-exit split. The entry-exit split is 50%-50%.

43 In the previous 2023 NTS reference price methodology consultation, GAZ-SYSTEM proposed a flexible entry exit split, which in the Agency's assessment would have prevented the network users from forecasting the tariffs. In paragraph (9) of its 2024 Tariff Report the Agency recommended the application of a fixed split. The Agency welcomes that the current proposal follows that recommendation and enhances the transparency of tariffs by applying a predictable methodology.

4.3.3. Secondary adjustments

44 GAZ-SYSTEM does not propose to apply any explicit secondary adjustment. In the practice of implementing the NC TAR, national regulatory authorities often use rescaling as a secondary adjustment to compensate for the over- or under-recovery of the allowed revenue due to the application of discounts. GAZ-SYSTEM for the purposes of reference price calculation considers the forecasted capacities at discounted points at a level that is proportionally decreased to account for the effects of the discount. Mathematically the two approaches lead to the same result and prevent any systemic under-recovery of the allowed revenue due to the application of the storage and LNG discounts.

45 The Agency recommends GAZ-SYSTEM and URE to monitor the potential level of allowed revenue under-recovery due to the application of the discounts for renewable and low-carbon gases, and if it sees a risk that the under-recovery reaches a material level, take steps to mitigate it, for example by taking into consideration of the application of rescaling in line with Article 6(4)(c) of the NC TAR to compensate for the under-recovery of revenues. However, as the forecasted level of entry capacity bookings at renewable and low-carbon production facilities is expected to stay around 0.01% of all entry capacity bookings, the Agency does not expect this under-recovery to reach a material level in the 2027-2031 period.

4.4. Cost allocation assessment

46 GAZ-SYSTEM carried out a cost allocation assessment ('CAA'), for the proposed RPM. The CAA index for the proposed RPM according to GAZ-SYSTEM's calculations is 11.12% for 2027, and between 9.17%-9.49% for the years 2028-2031. Since the CAA value for the proposed RPM for 2027 is above the 10% threshold, as laid out in Article 5(6) of the NC TAR, it needs further justification. As the low-methane subsystem does not have any interconnection exit points, GAZ-SYSTEM only considered the revenues and capacities of the high-methane subsystem for the published calculation. The Agency considers this approach reasonable, however it also notes that such an approach raises the question whether the low-methane and the high-methane subsystems can be meaningfully integrated into a single transmission system.

47 GAZ-SYSTEM points to the storage discounts and the ratio of the forecasted entry and exit capacities as elements that influence the results of the analysis and notes that the forecasted higher entry capacities in the subsequent years will lead to a lower CAA index. In the absence of any other elements supporting the existence of cross-subsidies, the Agency does not consider the level of the CAA index (11.12% in 2027), which only breaches the threshold in the first year and only slightly, as sufficiently conclusive to indicate undue cross-subsidies.

4.5. Comparison with the CWD methodology

48 GAZ-SYSTEM undertook a comparison between the proposed postage stamp methodology and the standard CWD methodology as laid out in Article 8 of the NC TAR and published the resulting tariffs as part of the consultation document. The published CWD tariffs included both the tariffs of individual entry and exit points, including all domestic exit points, published as a separate document, and the values for individual interconnection points and aggregated point groups published in the main consultation document, providing easy comparability. For the latter, both minimum, maximum, average, and weighted average values were provided. The Agency welcomes this level of detail, as these changes are in line with the Agency's recommendation on CWD tariff transparency published in its 2024 Tariff Report on Poland.

49 The following tables from GAZ-SYSTEM's consultation document detail the results of the CWD counter-factual calculation. The application of CWD based tariffs would increase the tariffs of exit interconnection points and the tariffs of the Baltic Pipe and Santaka entry interconnection points while leading to a decrease for all other entry points in the high-methane subsystem, including storage and production entries. The tariffs of other points, including domestic exits, would not change significantly.

Table 28: *CWD rates by individual IP in 2027.*

Point name	Type of gas	Entry/Exit	2027 Postage Stamp Entry/Exit Split 50/50 [gr/kWh/h per h]	2027 CWD Entry/Exit Split - 50/50 [gr/kWh/h za h]
Cieszyn	E	Entry	0.8116	0.5761
FAXE	E	Entry	0.8116	1.1339
GCP GAZ-SYSTEM/ONTRAS	E	Entry	0.8116	0.6604
GCP GAZ-SYSTEM/UA TSO	E	Entry	0.8116	0.6095
Mallnow (Entry)	E	Entry	0.8116	0.5874
Santaka	E	Entry	0.8116	0.9178
Vyrava	E	Entry	0.8116	0.6407
FAXE	E	Exit	0.3536	0.4727
GCP GAZ-SYSTEM/ONTRAS	E	Exit	0.3536	0.4107
GCP GAZ-SYSTEM/UA TSO	E	Exit	0.3536	0.4780
Santaka	E	Exit	0.3536	0.5685
Vyrava (Exit)	E	Exit	0.3536	0.4905

Table 29: *Average CWD rates aggregated by point groups in 2027.*

Cluster of points	Type of gas	Entry/Exit	2027 Postage Stamp Entry/Exit Split 50/50 [gr/kWh/h per h]	2027 Minimum CWD prices Entry/Exit Split - 50/50 [gr/kWh/h per h]	2027 Maximum CWD prices Entry/Exit Split - 50/50 [gr/kWh/h per h]	2027 Average CWD prices Entry/Exit Split - 50/50 [gr/kWh/h per h]	2027 Weighted average CWD prices Entry/Exit Split - 50/50 [gr/kWh/h per h] 1)
IP	E	Entry	0.8116	0.5761	1.1339	0.7322	0.9658
LNG facilities	E	Entry	0.4870	0.4750	0.4750	0.4750	0.4750
Gas mines	E	Entry	0.8116	0.5243	0.5252	0.5248	0.5248
Nitrogen removal plants	E	Entry	0.8116	0.3871	0.5250	0.4654	0.4347
UGS	E	Entry	0.1623	0.0857	0.1350	0.1051	0.1025
Renewable gases - Gas production	E	Entry	0.0000	0.0000	0.0000	0.0000	0.0000
IP	E	Exit	0.3536	0.4107	0.5685	0.4841	0.4899
UGS	E	Exit	0.0707	0.0629	0.0932	0.0780	0.0725
Distribution	E	Exit	0.3536	0.2046	0.5137	0.3581	0.3489
Final customers	E	Exit	0.3536	0.2328	0.4893	0.3562	0.3451
Gas mines	Lw	Entry	0.3683	0.2881	0.6961	0.5711	0.3898
Nitrogen removal plants	Lw	Entry	0.3683	0.4036	0.4036	0.4036	0.4036
Distribution	Lw	Entry	0.3683	0.1312	0.4506	0.2842	0.0629
Renewable gases - Gas production	Lw	Entry	0.0000	0.0000	0.0000	0.0000	0.0000
Distribution	Lw	Exit	0.2156	0.0095	0.3841	0.1897	0.1736
Final customers	Lw	Exit	0.2156	0.1674	0.2732	0.2330	0.2274

1) Average indicative price weighted by forecasted contracted capacity.

50 The findings of this comparison are mainly in line with the results of the CWD counterfactual comparison carried out by GAZ-SYSTEM during the 2023 consultation. The comparisons of the resulting tariffs do not invalidate the choice of a postage stamp RPM as proposed by GAZ-SYSTEM, however they raise a concern that due to the geographical characteristics of the highly utilised Baltic Pipe, there might be merit in considering distance as a cost driver, even if this merit is eventually outweighed by the transparency, simplicity, and robustness provided by a postage stamp methodology. The Agency recommends GAZ-SYSTEM and URE to also carry out and publish the Cost Allocation Assessment based on the CWD methodology.

5. Compliance

5.1. Does the RPM comply with the requirements set out in Article 7?

51 Article 27(2)(b)(1) of the NC TAR requires the Agency to analyse whether the proposed reference price methodology complies with the requirements set out in Article 7 of the NC TAR. This article refers to Article 17 of Regulation (EU) 2024/1789 and lists several requirements to take into account when setting the RPM. As these overlap, in the remainder of this chapter, the Agency will take a closer look at the five elements listed in Article 7 of the NC TAR.

52 As the concepts of transparency, cost reflectivity, non-discrimination, cross-subsidisation, and cross border trade are closely related, the Agency concludes with an overall assessment.

53 The Polish natural gas transmission network consists of two sub-systems with different gas qualities. While both sub-systems apply the same postage stamp RPM, the allowed revenue to be recovered by the NTS TSO is split into two, and the two sub-systems apply also separate cost drivers (forecasted capacity bookings at the high-methane system including the SGT and forecasted capacity bookings at the low-methane system). The two sub-systems are separated. The low-methane and the high-methane systems host separate balancing zones.

54 From an economic perspective, the Agency considers the separation of the low-methane subsystem a good practice that clearly allocates the costs of the two subsystems to their respective network users and prevents any cross-subsidies or market distortions. The Agency could not identify any harmful side-effects of this practice. From the perspective of legal compliance, however, categorising the two sub-systems together as a single transmission system appears doubtful. According to Article 2(58) of Directive (EU) 2024/1788 a balancing zone is defined as “a system to which a specific balancing regime is applicable, that includes the transmission system and may include the whole or part of distribution systems”. In this definition, the modifier “the whole or part of” only applies to distribution systems. That indicates that while partial inclusion is permissible for distribution systems, transmission systems must be wholly included in a balancing zone, without any leeway for segmentation. The wording of the Directive clearly prevents situations where parts of a transmission system are selectively included in a balancing zone, suggesting probable non-compliance by the Polish system with these requirements. Nonetheless, given the very low share of the low-methane system’s revenues compared to the total of the system, and the clear separation of the two subsystems, the Agency concludes that this technical non-compliance does not have any material negative effect on the reference price methodology.

55 The Agency, however, recommends GAZ-SYSTEM and URE to assess, in the context of the merger of the two transmission systems and in the context of the decarbonisation agenda and the changing role of gas networks, the possibility of either separating the low-methane sub-system as a separate transmission or distribution network, or integrating it with a high-methane system in a more meaningful way allowing compliance with Article 2(58) of Directive (EU) 2024/1788. As the current setup of the two sub-systems doesn’t have any clear negative effects on the network users, the Agency sees no urgency in carrying out these assessments and advises GAZ-SYSTEM and URE to carefully weigh the trade-offs related to the potential costs and benefits of choosing either approach or to leaving the systems unchanged.

5.1.1. Transparency

56 **Article 7(a)** of the NC TAR requires that the RPM aims at ensuring that network users can reproduce the calculation of reference prices and their accurate forecast. The Agency finds the simplified tariff model, as required by Article 30(2)(b) of the NC TAR, useful. The Agency considers that network users would be able to reproduce the calculation of reference prices. The published tariff model can be used both to reproduce the calculation of the 2027 tariffs, and to

forecast the possible evolution of the tariffs in the years 2028-2031. During the previous consultation preceding the decision on the methodology for the tariff periods 2025 and 2026, the Agency raised its concerns that the application of a variable entry-exit split prevented network users from forecast the future evolution of tariffs. The Agency welcomes the resolution of this prior issue, as the currently consulted RPM proposes the application of a fixed, 50-50% entry-exit split, thus not forming any barrier to forecast the tariffs.

57 The published tariff model is suitable for the reproduction and forecast of the tariffs of both the high-methane and the low-methane system. In its 2024 Tariff Report on Poland the Agency recommended the disaggregated publication of forecasted capacity bookings in the tariff model. The Agency welcomes that in the current consultation the published tariff model takes into account this recommendation and includes all the necessary data in a disaggregated, clear and user-friendly way.

58 The Agency considers the choice of a postage stamp RPM with uniform tariffs at all entry points and at all exit points per sub-systems a simple solution that makes it easy for all network users to understand the way the allowed revenue is allocated to these points.

59 The Agency therefore concludes that the proposed RPM complies with the criteria for transparency.

5.1.2. Cost-reflectivity

60 **Article 7(b)** of the NC TAR requires the RPM to take into account the actual costs incurred for the provision of transmission services, considering the level of complexity of the transmission network and the technical characteristics of the transmission system. The transmission system network in Poland is a relatively complex, with sub-systems of different gas qualities and consisting of two transmission systems. The plans for developing additional connections between the NTS and SGT systems also increase the meshed nature of the networks. This structure and complexity of the Polish system is well reflected in the choice of a postage stamp methodology and the use of capacity as the sole cost driver for the transmission tariffs.

61 The separation of the revenues for the low-methane and high-methane sub-systems, and the clearly separated regulatory accounts and sub-accounts for the two TSOs and for all the non-transmission services ensure that the reference prices are based on the relevant costs.

62 The operatorship agreement, under which GAZ-SYSTEM operates the SGT infrastructure, and the payments from GAZ-SYSTEM to EUROPOL are largely outside the scope of this analysis, as both the NC TAR and other EU legal sources focus on the costs and revenues of network operators, not infrastructure owners. Nonetheless, the Agency considers a good practice that URE exercises regulatory control[10] over both the scope of assets necessary to carry out the transmission activities and the method of calculating the renumeration payable for the use of the assets, because this is useful in safeguarding that the TSO's costs are at a justified level.

63 The Agency concludes that the proposed postage stamp methodology is compliant with the requirement on cost-reflectivity.

5.1.3. Cross-subsidisation and non-discrimination

64 **Article 7(c)** of the NC TAR requires the RPM to ensure non-discrimination and prevent undue cross-subsidisation. One instrument to evaluate this is the cost allocation assessment ('CAA', Article 5 of the NC TAR). GAZ-SYSTEM carried out the CAA, the result of which was 11.12% for the proposed methodology for 2027, and in the 9.17%-11.12% range for the subsequent years of the application of the proposed methodology (2028-2031). Since the 2027 value is slightly above the 10% threshold, a detailed justification is required by the NC TAR. GAZ-SYSTEM

[10] Through its President's decision.

explains the 2027 level by pointing to the storage discounts and the ratio of forecasted capacity expected to be booked at entry points and at exit points. Based on GAZ-SYSTEM's expectations about capacity bookings in the years following 2027, the increase in the booking of entry capacities will lead to the CAA index staying below the threshold.

65 As GAZ-SYSTEM proposes a postage stamp methodology, with uniform entry point tariffs and uniform exit point tariffs, no unjustified cross-subsidies are apparent. In addition to this, the utilisation of the gaseous fuel pressure reduction non-transmission service, which helps in allocating costs caused solely by activities provided for domestic network users to these network users, also helps in reducing the risk of undue cross-subsidies between intra-system and cross-system network users.

66 One possible risk factor, when merging two entry-exit zones, would be the potential of cross-subsidies between the network users of the two-systems. However, as the two TSOs are kept separately, with separate regulatory accounts for each, and an inter-TSO compensation mechanism guaranteeing that each TSO only receives their own allowed revenues, such risks are well mitigated.

67 Based on the above, the Agency concludes that the proposed RPM is compliant with the requirement on the prevention of undue cross-subsidisation. The Agency however recommends GAZ-SYSTEM and URE to carry out, before the final decision on the RPM, sensitivity analyses examining the effects on the level of the CAA index of the application of discounts lower than the currently proposed ones for storages and LNG facilities, and in case the sensitivity analyses suggest such strong benefit from the application of lower discounts that would outweigh any possible trade-offs with regard to security of supply, consider (further) lowering the level of these discounts.

68 Regarding the requirement of ensuring non-discrimination[11], the Agency has not identified any form of discrimination related to the proposed capacity tariffs of the RPM.

69 The Agency concludes that RPM ensures non-discrimination because all transmission costs are recovered through capacity tariffs to uniform entry tariffs and uniform domestic exit tariffs, and having different tariffs for the low-methane and high-methane systems reflect the differences in the underlying costs of the two subsystems.

5.1.4. Volume risk

70 **Article 7(d)** of the NC TAR requires that the RPM ensures that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.

71 Since Russia's aggression against Ukraine and the end of the transit flows of gas of Russian origin, the level of cross-border system usage in the combined Polish gas transmission system radically decreased. Less than 3% of the forecasted capacity bookings for 2027 are at the interconnection exit points to other EU Member States or to Ukraine.

72 The Agency concludes that, based on the magnitude of cross-border network use, volume risks are unlikely to have a significant effect on final consumers and thus the RPM is compliant with the requirement on volume risk.

5.1.5. Cross-border trade

73 **Article 7(e)** of the NC TAR requires that the RPM ensures that the resulting reference prices do not distort cross-border trade.

[11] For this analysis, the Agency defines 'discrimination' as 'charging different prices to different network users for identical gas transmission service'.

74 The RPM proposed by GAZ-SYSTEM introduces uniform tariffs for the interconnection entry points of the NTS and the SGT transmission systems and also eliminates the previous interconnection points for the two systems. While this leads to the increase of the entry tariff for the Mallnow entry point connecting Poland with Germany, due to the phase-out of the need to pay tariffs between the two Polish systems, it still decreases the cost of importing gas from Germany for domestic purposes through the use of the full SGT infrastructure. This provides a level playing field for importers using different entry points and improves the competition between different supply sources. The very positive feedback provided by Polish market players during the public consultation of the proposed RPM also supports the assessment that the entry-exit zone merger and the uniformly applied postage stamp methodology have a positive effect on trade.

75 The proposed decrease of the level of the LNG discount to 40%, consulted in a separate consultation, carried out in line with the Agency's previous recommendations, also facilitates the provision of an even playing field for different supply sources and increases cross-border trade.

76 Therefore, the Agency concludes that the proposed RPM is compliant with the requirement on cross-border trade.

5.2. Are the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) met?

77 Article 27(2)(b)(2) of the NC TAR requires the Agency to analyse whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met.

The use of commodity-based transmission tariffs is an exception. Only part of the transmission services revenue may be recovered by commodity-based transmission tariffs. GAZ-SYSTEM proposes not to apply commodity-based transmission tariffs.

5.3. Are the criteria for setting non-transmission tariffs as set out in Article 4(4) met?

78 Article 27(2)(b)(3) of the NC TAR requires the Agency to analyse whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.

79 In the consultation document it is proposed to make use of non-transmission tariffs. The costs of the following services are recovered via non-transmission tariffs: Gaseous fuel pressure reduction service, Gaseous fuel compression service. Both of these non-transmission services are already known from the previous consultation.

80 The indicative revenue for 2027 to be recovered from non-transmission services is 118 million PLN, which is 2.6% of the total allowed revenue. In order to avoid cross-subsidisation with transmission services, separate regulatory sub-accounts are used for the two non-transmission services. The non-transmission services are only applied at the NTS system, as neither service is relevant for the SGT infrastructure due to the lack of connected production entry points and end-user or distribution exit points.

81 The Gaseous fuel pressure reduction service is provided at exit points of the transmission system in order to reduce the high gas pressure used in the transmission network to the medium or low pressure required by the end-user or the connecting system and includes the costs of the reduction and metering stations. The service is provided at 646 exit points[12]. Until 2022 the costs of this service were included in the transmission tariffs, which created cross-subsidisation between those network users that transported gas to exit points that did not require pressure

[12] The list of affected points is available on GAZ-SYSTEM's website: Gas reduction and compression service

reduction and those that transported gas to exit points that did require pressure reduction. The fee for the pressure reduction service is calculated based on the number of hours for which the network user has booked capacity at the relevant exit point. The allowed revenue and the tariff for the pressure reduction service is set separately for the high-methane and low-methane sub-systems.

82 The Agency assesses that the application of this service and the separation of those costs that are only relevant for domestic network use from the allowed revenue of transmission services enhances the cost-reflectivity of the transmission tariffs. It also decreases possible distortions to cross-border trade, by avoding the possible cross-subsidisation of domestic-only activities by cross-system users.

83 The Gaseous fuel compression service is provided at nine entry points at the request of network users to facilitate the injection of gas from domestic production. The fee for this non-transmission service covers both the operating costs and the cost of capital for the relevant assets. The tariff is set as the sum of a fixed subscription fee and a volume-based component defined as the product of the volume of gas used for the provision of the compression and the reference price used for high-methane balancing. The fixed and volume-based components correspond to the underlying fixed and volume-based costs.

84 GAZ-SYSTEM published the indicative revenues and indicative tariffs for both non-transmissions services for all years between 2027-2031.

85 Article 4(b) of the NC TAR requires non-transmission services to be charged to the beneficiaries of a given non-transmission service with the aim of minimising cross-subsidisation between network users within or outside a Member State, or both. The Agency concludes that by charging the costs of these services to those network users that require pressure reduction or gas compression, the proposed methodology for both non-transmission service fulfils these criteria. The proposed methodology also fulfils the criteria of being cost-reflective, non-discriminatory, objective and transparent, as the published formulas make the determination of the payable amounts clear and understandable, and the application of the regulatory sub-accounts prevent cross-subsidisation both between the two non-transmission services, and between either of them and the transmission service.

Annex 1: Legal framework

Article 27 of the NC TAR reads:

1. Upon launching the final consultation pursuant to Article 26 prior to the decision referred to in Article 27(4), the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority, shall forward the consultation documents to the Agency.
2. The Agency shall analyse the following aspects of the consultation document:

   (a) whether all the information referred to in Article 26(1) has been published;

   (b) whether the elements consulted on in accordance with Article 26 comply with the following requirements:

   (1) whether the proposed reference price methodology complies with the requirements set out in Article 7;

   (2) whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met;

   (3) whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.
3. Within two months following the end of the consultation referred to in paragraph 1, the Agency shall publish and send to the national regulatory authority or transmission system operator, depending on which entity published the consultation document, and the Commission the conclusion of its analysis in accordance with paragraph 2 in English.

   The Agency shall preserve the confidentiality of any commercially sensitive information.
4. Within five months following the end of the final consultation, the national regulatory authority, acting in accordance with Article 41(6)(a) of Directive 2009/73/EC, shall take and publish a motivated decision on all items set out in Article 26(1). Upon publication, the national regulatory authority shall send to the Agency and the Commission its decision.
5. The procedure consisting of the final consultation on the reference price methodology in accordance with Article 26, the decision by the national regulatory authority in accordance with paragraph 4, the calculation of tariffs on the basis of this decision, and the publication of the tariffs in accordance with Chapter VIII may be initiated as from the entry into force of this Regulation and shall be concluded no later than 31 May 2019. The requirements set out in Chapters II, III and IV shall be taken into account in this procedure. The tariffs applicable for the prevailing tariff period at 31 May 2019 will be applicable until the end thereof. This procedure shall be repeated at least every five years starting from 31 May 2019.

Article 26(1) of the NC TAR reads:

1. One or more consultations shall be carried out by the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority. To the extent possible and in order to render more effective the consultation process, the consultation document should be published in the English language. The final consultation prior to the decision referred to in Article 27(4) shall comply with the requirements set out in this Article and Article 27, and shall include the following information:

   (a) the description of the proposed reference price methodology as well as the following items:

   (i) the indicative information set out in Article 30(1)(a), including:

   (1) the justification of the parameters used that are related to the technical characteristics of the system;

   (2) the corresponding information on the respective values of such parameters and the assumptions applied.

(ii) the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9;

(iii) the indicative reference prices subject to consultation;

(iv) the results, the components and the details of these components for the cost allocation assessments set out in Article 5;

(v) the assessment of the proposed reference price methodology in accordance with Article 7;

(vi) where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii);

(b) the indicative information set out in Article 30(1)(b)(i), (iv), (v);

(c) the following information on transmission and non-transmission tariffs:

(i) where commodity-based transmission tariffs referred to in Article 4(3) are proposed:

(1) the manner in which they are set;

(2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;

(3) the indicative commodity-based transmission tariffs;

(ii) where non-transmission services provided to network users are proposed:

(1) the non-transmission service tariff methodology therefor;

(2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;

(3) the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3);

(4) the indicative non-transmission tariffs for non-transmission services provided to network users;

(d) the indicative information set out in Article 30(2);

(e) where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity:

(i) the proposed index;

(ii) the proposed calculation and how the revenue derived from the risk premium is used;

(iii) at which interconnection point(s) and for which tariff period(s) such approach is proposed;

(iv) the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed.

Article 7 of the NC TAR reads:

The reference price methodology shall comply with Article 13 of Regulation (EC) No 715/2009 and with the following requirements. It shall aim at:

(a) enabling network users to reproduce the calculation of reference prices and their accurate forecast;

(b) taking into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network;

(c) ensuring non-discrimination and prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5;

(d) ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;

(e) ensuring that the resulting reference prices do not distort cross-border trade.

Article 17 of Regulation (EU) 2024/1789 reads:

1. Tariffs, or the methodologies used to calculate them, applied by the transmission system operators and approved by the regulatory authorities pursuant to Article 78(7) of Directive (EU) 2024/1788, as well as tariffs published pursuant to Article 31(1) of that Directive, shall be transparent, take into account the need for system integrity and its improvement and reflect the actual costs incurred, insofar as such costs correspond to those of an efficient and structurally comparable network operator and are transparent, whilst including an appropriate return on investments. Tariffs, or the methodologies used to calculate them, shall be applied in a non-discriminatory manner.

   Tariffs may also be determined through market-based arrangements, such as auctions, provided that such arrangements and the revenue arising therefrom are approved by the regulatory authority.

   Tariffs, or the methodologies used to calculate them, shall facilitate efficient natural gas trade and competition, while at the same time avoiding cross-subsidies between network users and providing incentives for investment and maintaining or creating interoperability for transmission networks.

   Tariffs for network users shall be non-discriminatory and shall be set separately for every entry point into or exit point out of the transmission system. Cost-allocation mechanisms and rate setting methodology regarding entry points and exit points shall be approved by the regulatory authorities. Regulatory authorities shall ensure that network tariffs shall not be calculated on the basis of contract paths.

2. Tariffs for network access shall neither restrict market liquidity nor distort trade across borders of different transmission systems. Where, notwithstanding Article 78(7) of Directive (EU) 2024/1788, differences in tariff structures would hamper trade across transmission systems, transmission system operators shall, in close cooperation with the relevant national authorities, actively pursue convergence of tariff structures and charging principles.

3. Until 31 December 2025, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities, unless and to the extent that such a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point.

   From 1 January 2026, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities for the purpose of increasing security of supply. The regulatory authority shall re-examine that tariff discount and its contribution to the security of supply during every regulatory period, in the framework of the periodic consultation carried out pursuant to the network code adopted pursuant to Article 71(2), first subparagraph, point (d).

4. Regulatory authorities may merge adjacent entry-exit systems with a view to enabling full or partial regional integration where tariffs may be abolished at the interconnection points between the entry-exit systems concerned. Following the public consultations conducted by the regulatory authorities or by the transmission system operators, the regulatory authorities may approve a common tariff and an effective compensation mechanism between transmission system operators for the redistribution of costs arising from the abolition of interconnection points.

5. Member States with more than one interconnected entry-exit system, or more than one network operator within one entry-exit system, may implement a uniform network tariff with the aim of creating a level playing field for network users, provided that a network plan has been approved and a compensation mechanism between the network operators is implemented.

Article 4(3) of the NC TAR reads:

3. The transmission services revenue shall be recovered by capacity-based transmission tariffs.

As an exception, subject to the approval of the national regulatory authority, a part of the transmission services revenue may be recovered only by the following commodity-based transmission tariffs which are set separately from each other:

(a) a flow-based charge, which shall comply with all of the following criteria:

(i) levied for the purpose of covering the costs mainly driven by the quantity of the gas flow;

(ii) calculated on the basis of forecasted or historical flows, or both, and set in such a way that it is the same at all entry points and the same at all exit points;

(iii) expressed in monetary terms or in kind.

(b) a complementary revenue recovery charge, which shall comply with all of the following criteria:

(i) levied for the purpose of managing revenue under- and over-recovery;

(ii) calculated on the basis of forecasted or historical capacity allocations and flows, or both;

(iii) applied at points other than interconnection points;

(iv) applied after the national regulatory authority has made an assessment of its cost-reflectivity and its impact on cross-subsidisation between interconnection points and points other than interconnection points.

Article 4(4) of the NC TAR reads:

4. The non-transmission services revenue shall be recovered by non-transmission tariffs applicable for a given non transmission service. Such tariffs shall be as follows:

(a) cost-reflective, non-discriminatory, objective and transparent;

(b) charged to the beneficiaries of a given non-transmission service with the aim of minimising cross-subsidisation between network users within or outside a Member State, or both.

Where according to the national regulatory authority a given non-transmission service benefits all network users, the costs for such service shall be recovered from all network users.

Annex 2: List of abbreviations

Acronym	Definition
ACER	European Union Agency for the Cooperation of Energy Regulators
ENTSOG	European Network of Transmission System Operators for Gas
NRA	National Regulatory Authority
TSO	Transmission System Operator
EC	European Commission
EU	European Union
MS	Member State
NC TAR	Network code on harmonised transmission tariff structures for gas
IP	Interconnection Point
VIP	Virtual Interconnection Point
RPM	Reference Price Methodology
CWD	Capacity Weighted Distance
CAA	Cost Allocation Assessment
RAB	Regulated Asset Base
OPEX	Operational Expenditures
CAPEX	Capital Expenditures
GAZ-SYSTEM	GAZ-SYSTEM S.A.
URE	Urząd Regulacji Energetyki